

Financial Report

Terrebonne Parish Communications District

Houma, Louisiana

December 31, 2001

TABLE OF CONTENTS

Terrebonne Parish Communications District

December 31, 2001

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Combined Balance Sheet - Governmental Fund Type and Account Groups	A	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type - General Fund	B	4
Statement of Revenues and Expenditures - Budget and Actual - Governmental Fund Type - General Fund	C	5
Notes to Financial Statements	D	6 - 17
	<u>Schedules</u>	
Supplementary Information Section		
Independent Auditor's Report on Additional Information		18
Schedule of Revenues and Expenditures for the Years Ended December 31, 2001, 2000 and 1999	1	19
Graph of Revenues for the Years Ended December 31, 2001, 2000 and 1999	2	20
Graph of Expenditures for the Years Ended December 31, 2001, 2000 and 1999	3	21

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Number</u>
Supplementary Information Section (Continued)		
Nonaccounting Information:		
Status of Phase One Implementation of Wireless E911 Service (unaudited)	4	22 - 23
Schedule of Revenues Derived from the Wireless E911 Services Charge and the Use of Such Revenues (unaudited)	5	24
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General-Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		25 - 26
Schedule of Findings		27 - 29
Reports By Management		
Schedule of Prior Year Findings		30
Management's Corrective Action Plan		31

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of the Terrebonne Parish Communications District (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Communications District as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2002 on our consideration of Terrebonne Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
April 8, 2002.

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS

Terrebonne Parish Communications District

December 31, 2001

		Account Groups		
	Governmental	General	General	Total
	Fund Type	Fixed	Long-Term	(Memorandum
	General	Assets	Obligations	Only)
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 100,341	\$ -	-	\$ 100,341
Investments	526,587	-	-	526,587
Receivables	213,067	-	-	213,067
Fixed assets	-	1,548,690	-	1,548,690
Other Debits				
Amount to be provided for retirement of general long-term obligations	-	-	294,338	294,338
Total assets and other debits	<u>\$ 839,995</u>	<u>\$ 1,548,690</u>	<u>\$ 294,338</u>	<u>\$ 2,683,023</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 36,290		\$ -	\$ 36,290
Due to Terrebonne Parish Consolidated Governmet	154,568		-	154,568
Certificates of Indebtedness payable	-		275,000	275,000
Other long-term obligations	-		19,338	19,338
Total liabilities	<u>190,858</u>		<u>294,338</u>	<u>485,196</u>
Equity and Other Credits				
Investment in general fixed assets	-	\$ 1,548,690		1,548,690
Fund balance - unreserved:				
Designated for subsequent years' expenditures	425,355	-		425,355
Undesignated	223,782	-		223,782
Total equity and other credits	<u>649,137</u>	<u>1,548,690</u>		<u>2,197,827</u>
Total liabilities, equity and other credits	<u>\$ 839,995</u>	<u>\$ 1,548,690</u>	<u>\$ 294,338</u>	<u>\$ 2,683,023</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL
FUND TYPE - GENERAL FUND

Terrebonne Parish Communications District

For the year ended December 31, 2001

Revenues

Charges for services	\$ 1,075,890
Miscellaneous:	
Interest	15,388
Other	723
	<hr/>
Total revenues	1,092,001
	<hr/>

Expenditures

Current:	
Public safety:	
Personal services	517,237
Supplies and materials	13,708
Other services and charges	236,808
Repairs and maintenance	13,234
Capital expenditures	55,412
	<hr/>
Total public safety	836,399
	<hr/>
Debt Service:	
Principal retirement	25,000
Interest and fiscal charges	15,690
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Total debt service	40,690
	<hr/>
Total expenditures	877,089
	<hr/>

Excess of Revenues Over Expenditures	214,912
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Fund Balance

Beginning of year	434,225
	<hr/>
End of year	\$ 649,137
	<hr/> <hr/>

See notes to financial statements.

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND

Terrebonne Parish Communications District

For the year ended December 31, 2001

	<u>Budget</u>	<u>Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 922,408	\$ 1,075,890	\$ 153,482
Miscellaneous:			
Interest	12,000	15,388	3,388
Other	1,000	723	(277)
Total revenues	<u>935,408</u>	<u>1,092,001</u>	<u>156,593</u>
Expenditures			
Current:			
Public safety:			
Personal services	435,000	439,567	(4,567)
Supplies and materials	15,900	13,295	2,605
Other services and charges	239,100	227,327	11,773
Repairs and maintenance	12,000	13,667	(1,667)
Capital expenditures	77,000	46,005	30,995
Total public safety	<u>779,000</u>	<u>739,861</u>	<u>39,139</u>
Debt Service:			
Principal retirement	25,000	25,000	-
Interest and fiscal charges	15,690	15,690	-
Total debt service	<u>40,690</u>	<u>40,690</u>	<u>-</u>
Total expenditures	<u>819,690</u>	<u>780,551</u>	<u>39,139</u>
Excess of Revenues Over Expenditures	<u>\$ 115,718</u>	<u>\$ 311,450</u>	<u>\$ 195,732</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Communications District**

December 31, 2001

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Nature of Activities

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Terrebonne Parish. The companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

b) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2001.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

c) Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Account Groups

Account groups are used to establish accounting control and accountability. The District's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for general long-term obligations and certain other liabilities that are not specific liabilities of proprietary or trust funds.

d) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Basis of Accounting (Continued)

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: 1) the accumulated unpaid vacation, sick pay and other employee amounts which are recognized when the obligations are expected to be liquidated with expendable available financial resources; and 2) principal and interest on general long-term debt which is recognized when due.

e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f) Operating Budgetary Data

As required by Louisiana Revised Statute 39:1303, the Board of Directors (the Board) adopted a budget for the District's General Fund. The public hearings and advertisements, which are required by state law, were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The budget was amended once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund is presented on the budgetary basis to provide a comparison of actual results with the budget. The major difference between the GAAP basis and budgetary basis is that:

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP) basis.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Operating Budgetary Data

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budgetary basis for the general fund are as follows:

	<u>Excess of Revenues Over Expenditures</u>
GAAP basis (as reported)	<u>\$214,912</u>
Adjustments:	
Expenditures:	
Current:	
Personal services	77,670
Supplies and materials	413
Other services and charges	9,481
Repairs and maintenance	(433)
Capital expenditures	<u>9,407</u>
Total expenditure adjustments	<u>96,538</u>
Budgetary basis	<u>\$311,450</u>

g) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

h) Investments

Investments consist of deposits in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Investments during the year consisted of LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost.

j) Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds. The General Long-Term Obligations Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

k) Accumulated Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditure of the period in which paid in all governmental funds.

Employees of the District can earn 96 or 136 hours per year of vacation leave, depending on their length of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Accumulated Vacation and Sick Leave (Continued)

All employees are required to take vacation within one year of being earned, with no carryforward provisions. If an employee fails to take vacation leave, the employee forfeits this time for this particular year. In the event the employee is terminated or resigns, all vacation leave not lost through forfeiture will be paid to them. Hours forfeited are transferred to retirement for participants of the Parochial Employees Retirement System.

Employees of the District earn 56 hours of sick leave per year and are permitted to accumulate a maximum of 480 hours. Upon retirement, sick leave is paid up to one half of their accumulated sick leave to a maximum of 240 hours. The hours greater than 240 hours are used in the computation of monthly retirement benefits.

l) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

m) Fund Equity

Designated fund balance represents tentative plans to use \$425,355 of financial resources for building, equipment and software improvements.

n) Memorandum Only - Total Column

The total column on the general-purpose financial statement is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires that deposits (cash) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amounts as shown on the balance sheet are as follows:

	Bank Balances			Book Balance
	Category 1	Category 2	Category 3	
Cash	<u>\$100.364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$100.341</u>

At December 31, 2001, cash in excess of the FDIC insurance were collateralized by securities held by an unaffiliated bank for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2 or 3; repurchase agreements; and the Louisiana Asset Management Pool.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

Investments in the Louisiana Asset Management Pool, \$526,587, are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost which approximates market value. Accordingly, the fair value of the District's position in LAMP is the same as the value of LAMP shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 2001	Additions	Balance December 31, 2001
Building	\$ 315,039	\$ 7,391	\$ 322,430
Equipment	<u>1,178,239</u>	<u>48,021</u>	<u>1,226,260</u>
Totals	<u>\$1,493,278</u>	<u>\$ 55,412</u>	<u>\$1,548,690</u>

Note 4 - LONG-TERM OBLIGATIONS

At December 31, 2001, the District had outstanding certificates of indebtedness totaling \$275,000. The certificates bear interest at 5.23% and are payable through November 1, 2009. The certificates are secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding.

The District's commitment to fund accumulated unpaid vacation and sick leave from future operations has been recorded in the General Long-Term Obligations Account Group at December 31, 2001.

The following is a summary of changes in the long-term obligations of the District for the year ended December 31, 2001:

	Payable January 1, 2001	Obliga- tions Retired	Net Increase	Payable December 31, 2001
Certificates of Indebtedness	\$300,000	\$25,000	\$ -	\$275,000
Accumulated vacation	8,223	-	3,709	11,932
Accumulated sick leave	<u>4,982</u>	<u>-</u>	<u>2,424</u>	<u>7,406</u>
Totals	<u>\$313,205</u>	<u>\$25,000</u>	<u>\$ 6,133</u>	<u>\$294,338</u>

Note 4 - LONG-TERM OBLIGATIONS (Continued)

The requirements to amortize certificates of indebtedness outstanding at December 31, 2001 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 30,000	\$14,383	\$ 44,383
2003	30,000	12,813	42,813
2004	30,000	11,244	41,244
2005	35,000	9,676	44,676
2006	35,000	7,845	42,845
2006 - 2009	<u>115,000</u>	<u>12,290</u>	<u>127,290</u>
Totals	<u>\$275,000</u>	<u>\$68,251</u>	<u>\$343,251</u>

Note 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District related to workers' compensation and group insurance. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory

Note 5 - RISK MANAGEMENT (Continued)

Coverage for claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$1,431,079 at December 31, 2000, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2000 was \$7,809,820. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$17,928 at December 31, 2000, then secondly by the District or the employee for individual claims in excess of \$1,000,000. At December 31, 2001, the District had no claims in excess of the above coverage limits. Total premiums paid the Parish for workers' compensation coverages for the year ended December 31, 2001 amounted to \$12,051.

Note 6 - COMMITMENT

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statues requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statues require the caller location service to be operating within one year of collecting a consumer fee for the service.

The District implemented the rulings and has begun collecting the service charge effective January 1, 2000. Proceeds from the consumer service charge, \$468,551 for the year ended December 31, 2001, shall be used for the payment of service provider and district costs associated with system implementation. However, the district shall not make payments to service providers unless there is a cooperative endeavor agreement between the district and the provider delimiting the cost of implementation. The District has completed cooperative endeavor agreements with three providers and is in the process of negotiating agreements with the remaining three providers. Management believes all required agreements will be completed in the year ending December 31, 2002.

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 2% of their annual covered salary less \$100 per month and the District is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2001, 2000 and 1999 were \$9,112, \$6,301 and \$4,639, respectively, equal to the required contributions for each year.

Note 8 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2001.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

Our report on our audit of the general-purpose financial statements of the Terrebonne Parish Communications District (the District) for the year ended December 31, 2001, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information contained in Schedules 1 through 3 has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 2001, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of Terrebonne Parish Communications District as of December 31, 2000 and 1999, and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2000 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in Schedules 1 through 3 for the years ended December 31, 2000 and 1999 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

The information contained in Schedule 4 and 5, which is of a nonaccounting nature, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and do not express any assurances on such information.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
April 8, 2002.

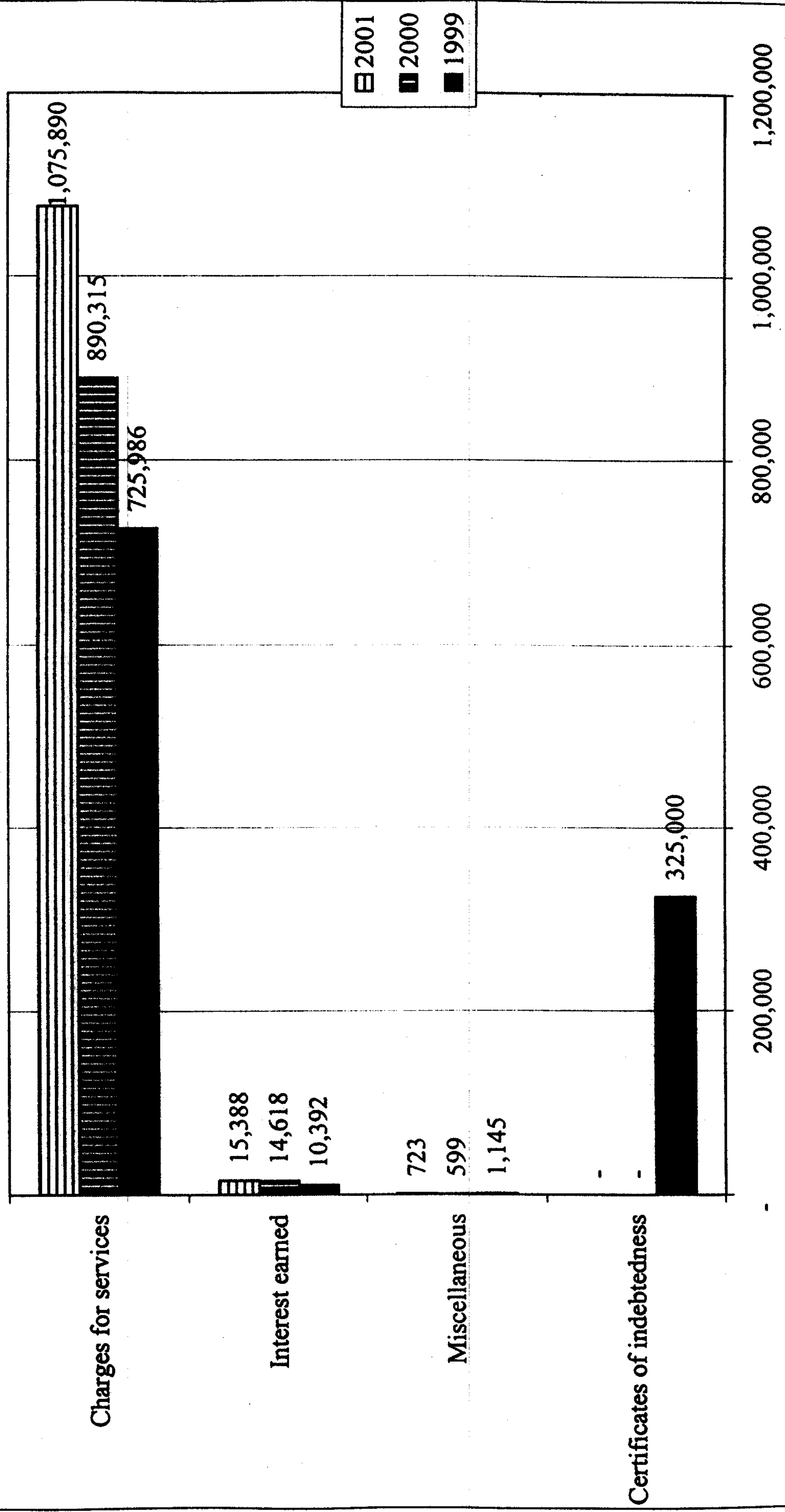
SCHEDULE OF REVENUES AND EXPENDITURES**Terrebonne Parish Communications District**

For the years ended December 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues			
Charges for services	\$ 1,075,890	\$ 890,315	\$ 725,986
Interest earned	15,388	14,618	10,392
Miscellaneous	723	599	1,145
Certificates of indebtedness	-	-	325,000
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 1,092,001</u>	<u>\$ 905,532</u>	<u>\$ 1,062,523</u>
Expenditures			
Personal services	517,237	356,544	263,282
Supplies and materials	13,708	17,874	16,349
Other services and charges	236,808	192,695	233,846
Repairs and maintenance	13,234	9,753	11,253
Capital expenditures	55,412	582,525	372,360
Debt service	40,690	40,534	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 877,089</u>	<u>\$ 1,199,925</u>	<u>\$ 897,090</u>

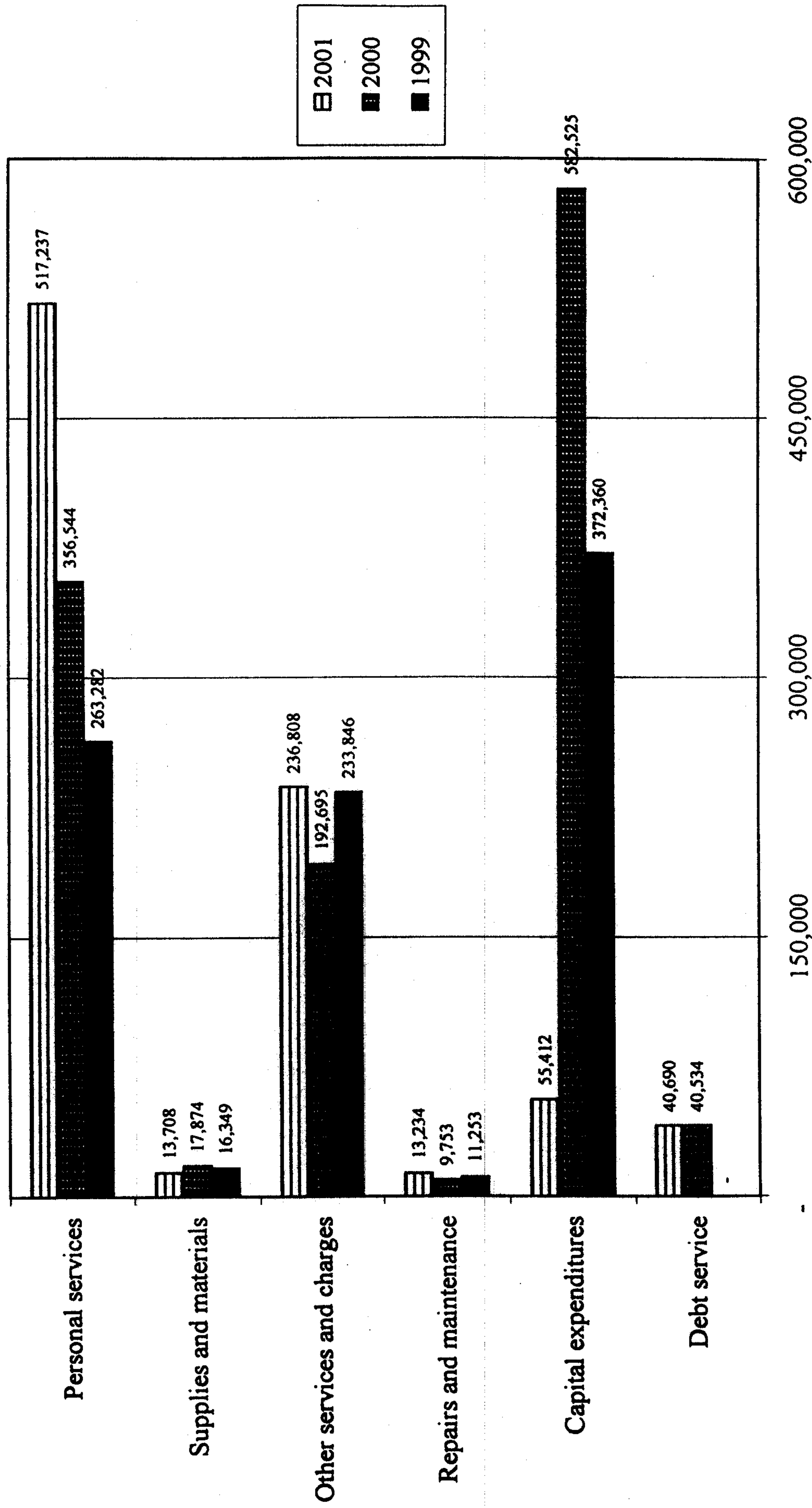
REVENUES**Terrebonne Parish Communications District**

For the years ended December 31, 2001, 2000 and 1999



EXPENDITURES**Terrebonne Parish Communications District**

For the years ended December 31, 2001, 2000 and 1999



**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

Terrebonne Parish Communications District

December 31, 2001

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act, effective January 1, 2000, authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of \$0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911 emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Terrebonne Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Directors of Resolution No. 090299-A which levied an emergency telephone service charge of \$0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. As of December 31, 2001, the District has completed cooperative endeavor agreements with three CMRS carriers, out of a total of six. The District is in negotiations with the remaining three CMRS carriers.

**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000. Remittance for service charges have begun for the three of the CMRS carriers that have signed cooperative endeavor agreements with the District. The remaining three CMRS carriers that have not agreed on a cooperative endeavor agreement have not been paid any service charges by the District because no district shall make payment of CMRS carrier costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the CRMS carrier delimiting the cost of implementation to be recovered.

The District, as well as Communications Districts state-wide, has had problems implementing Phase One. The District has been unsuccessful due to numerous corporate mergers and CMRS carriers that have established unreasonable non-recurring or recurring costs without justification, or have refused to participate in cooperative endeavor agreement negotiations. Although the District has encountered problems concerning Phase One implementation, wireless users have maintained access through the CMRS carriers to the 911 system. Management believes all required agreements will be completed in the year ending December 31, 2002.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that will be assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The remittance of these costs depends on the signing of the cooperative endeavor agreements. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 5 as required by the Act.

**SCHEDULE OF REVENUES DERIVED FROM THE WIRELESS E911
SERVICE CHARGE AND THE USE OF SUCH REVENUES**

Terrebonne Parish Communications District

For the year ended December 31, 2001

(Unaudited)

	<u>Wireless</u>
Revenues	
Charges for services	\$ 461,944
Miscellaneous - interest	<u>6,607</u>
Total revenues	<u>468,551</u>
Expenditures	
Current:	
Public safety:	
Personal services	257,898
Supplies and materials	5,833
Other services and charges	119,076
Repairs and maintenance	6,599
Capital expenditures	<u>27,629</u>
Total public safety	<u>417,035</u>
Debt Service:	
Principal retirement	12,465
Interest and fiscal charges	<u>7,823</u>
Total debt service	<u>20,288</u>
Total expenditures	<u>437,323</u>
Excess of Revenues Over Expenditures	<u><u>\$ 31,228</u></u>

Note Allocation of wireless expenditures was determined by applying the percentage of wireless calls to total calls. The number of total calls and wireless calls was furnished to us by the District's management.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Terrebonne Parish Communications District,
Houma, Louisiana.

We have audited the general-purpose financial statements of the Terrebonne Parish Communications District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2001 and have issued our report thereon dated April 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the Schedule of Findings as item 01-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
April 8, 2002.

SCHEDULE OF FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 2001

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

b) Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2001.

Section II Financial Statement Findings

- 01-1 **Criteria** - The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service suppliers and 911 districts. The Louisiana State Legislature enacted Act 1029 to address the issue of a cost recovery mechanism for Phase One of the FCC order, and was made effective January 1, 2000 as amendments and reenactments to Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109. The Act authorizes Louisiana Communications Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate district for said purpose. Proceeds shall be used first for payment of wireless service suppliers and district costs associated with the implementation of enhancements required in Phase One. Any funds collected in excess of those

SCHEDULE OF FINDINGS
(Continued)

Terrebonne Parish Communications District

For the year ended December 31, 2001

Section II Financial Statement Findings

01-1 (Continued)

necessary to pay costs of such enhancements may be expended for any lawful purpose of the district. Phase One requires implementing enhancements that will automatically provide the number and location of the wireless caller to the communications district when a caller accesses 911. The District will be required to pay a one-time non-recurring fee per subscriber at a rate specified by the service supplier. A monthly recurring charge will be paid to the service supplier by the district to help cover the service supplier's enhancement costs at a specified rate per subscriber. The service suppliers will not be able to receive the monthly recurring charges until a cooperative endeavor agreement has been signed. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the wireless service suppliers within one year of the initial levy of the service charge.

Statement of Condition - During the audit it was noted that as of December 31, 2001 there were three signed cooperative endeavor agreement out of a total of six service suppliers. The District is still in negotiations with the other service suppliers. Phase One was not complete within the first year of the initial levy of the service charge. The service suppliers have not received any service charge payments by the District because no district shall make payment of a service suppliers costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the supplier delimiting the cost of implementation to be recovered. Although the service suppliers have not yet provided Phase One information to the District, wireless users have maintained access to the 911 system.

Cause and Effect - The District notified each service supplier by certified letter of the adoption by the Board of Directors of Resolution No. 090299-A which levied an emergency telephone service charge of \$0.85 per month per wireless service subscriber. In compliance with the Act, the District also sent a letter to each service supplier concerning signing a cooperative endeavor agreement. Three of the service suppliers have not signed an agreement.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Communications District

For the year ended December 31, 2001

Section II Financial Statement Findings

00-1 (Continued)

Recommendation - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Communications District

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2000.
No reportable conditions were reported during the audit for the year ended December 31, 2000.

Compliance

00-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana Act 1029.

Management's Response - Partially resolved, the District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, however, Phase One is not complete.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2000.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2000.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Communications District

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

01-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Management's Corrective Action Plan - The District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, and are currently in negotiations with the other three service suppliers.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Communications District did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.